

AMENDED IN SENATE MARCH 27, 2000

SENATE BILL

No. 1720

Introduced by Senator Wright

February 23, 2000

An act to add Section 6010.60 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1720, as amended, C. Wright. Sales and use taxes: exemptions: artwork.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law defines a sale to include a transfer of title or possession, as specified, and provides various exemptions from that tax.

This bill would provide that a sale and purchase do not include the transfer of artwork by hard copy or by electronic media from a commercial artist, designer, or advertising agency to a customer or to a 3rd party on behalf of the customer, if the customer does not obtain title.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemption from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6010.60 is added to the Revenue
2 and Taxation Code, to read:

3 6010.60. “Sale” and “purchase,” for purposes of this
4 part, does not include the transfer of artwork, *as defined*
5 *in Section 1541(e)(3) of Title 18 of the California Code of*
6 *Regulations*, by hard copy or by electronic media from a
7 commercial artist, designer, or advertising agency to a
8 customer or to a third party on behalf of the customer, if
9 the customer does not obtain title.

10 SEC. 2. Notwithstanding Section 2230 of the Revenue
11 and Taxation Code, no appropriation is made by this act
12 and the state shall not reimburse any local agency for any
13 sales and use tax revenues lost by it under this act.

14 SEC. 3. This act provides for a tax levy within the
15 meaning of Article IV of the Constitution and shall go into
16 immediate effect. However, the provisions of this act shall
17 become operative on the first day of the first calendar
18 quarter commencing more than 90 days after the
19 effective date of this act.

